

TO: Secretary Paige  
FROM: COO Greg Woods  
OSFA  
RE: Weekly Report  
DATE: March 05, 2001

### **THE WEEK AHEAD**

**Direct Loan Conference:** COO Greg Woods will host the Direct Loan Conference on March 7-9 in Houston, Texas. The conference is attended by presidents, chancellors, financial aid directors and administrators from hundreds of schools participating in the Federal Direct Loan program. In addition to delivering opening remarks, Woods will chair three general sessions: the annual Town Hall meeting; a session on electronic signature, and a Town Hall specific to the issues of career colleges. A meeting of third-party software vendors will be held after the conference. That meeting is hosted by SFA's CIO.

**Schools Portal:** SFA will announce the first portal of its kind—the Schools Portal—available at [sfa4schools.sfa.ed.gov](http://sfa4schools.sfa.ed.gov) during opening remarks at the Direct Loan Conference on March 7. The portal is a single-linked gateway to all Title IV federal student financial aid information, resources, and activities.

The schools portal consists of five sections: *SFA Links*, *SFA Search*, *SFA Calendar*, *SFA Headlines*, and *My SFA*. *SFA Links* is captured in five areas such as student data, bookstore, training/conferences, reference library, and participation and funding. The *SFA Search* function will help financial aid professionals find answers to their questions. The *SFA Calendar* provides information on upcoming events, training, processing deadlines or NPRM due dates. *SFA Headlines* will provide the most current SFA new, policy, or rule changes. With *My SFA*, financial aid professionals can customize a portal page to their specific needs using an ID and password.

**GAO to Review Guaranty Agency Voluntary Flexible Agreements:** Senator Jeffords' Committee on Health, Education, Labor, and Pensions has requested that GAO initiate a study of guaranty agency voluntary flexible agreements authorized by the Higher Education Act. The audit's objectives are to examine the degree to which these agreements fulfill the intent of the legislation, the process by which these agreements were solicited and reviewed and the performance measurements being used to evaluate the agreements. An entrance conference is tentatively scheduled for March 13, 2001.

**GAO to Review Direct Student Loan Electronic Repayment Program:** Senator Jeffords' Committee on Health, Education, Labor, and Pensions requested GAO to initiate a study of the use of electronic debit account interest rate discounts in the Direct Loan Program. The audit's objectives are: to identify steps taken by the Department to inform borrowers of the potential long-term costs of participating in this repayment program; to compare the actual payment behavior of program participants to the projected behavior described by the Department in the July 1996 cost justification report; and to determine if Education has realized any savings in payment processing costs from implementing the program. OPE has the lead for this review.

### **KEY NEWS**

**SFA Financial Audit:** SFA's audited financial statements for the fiscal year ended September 30, 2000, were issued on March 1, as required. SFA received a qualified opinion on all statements. Overall, the auditors said the statements fairly presented the operations of SFA, but for items that relate primarily to prior year adjustments and the limitations of the Department's financial management system.

During the past year, we made significant improvements in the operations and reporting on financial activities. We have closely coordinated plans and actions to leverage both ED-OCFO and SFA-CFO talents and resources. This has resulted in significant improvement in the Internal Control Report that accompanied the audit—last year's four material weaknesses and three reportable conditions were reduced to three material

weaknesses and one reportable condition. We expect to have difficulty achieving an unqualified opinion until completion of our new financial management system, which is on track for this September.

**SFA's 2001 Performance Plan:** SFA's Performance Plan, which documents the performance goals and objectives for the year, received Departmental publication approval and is being electronically distributed to key Congressional committee members and staff by the Office of Legislation and Congressional Affairs.

**FAFSA Processing:** SFA has entered the peak week for receiving student loan applications. On February 28 alone, total FAFSA on the Web hits reached a high of **31.6 million**. Hourly hits between 9 PM and 10 PM were close to 2.7 million. March 1 peak hourly hits were projected to reach 3.4 million with total hits for the day reaching **33 million**. Over the last year, server capacity has been added to handle the anticipated demand for FAFSA on the Web. Initial results indicate SFA is on track to meet the goal of five million electronic filings for FY 2001.

SFA has processed 1,300,392 FAFSA applications for the 2001-2002 award year. Of those, 32% (420,212) were filed electronically. The average turnaround time for processing an application is 4.5 days, exceeding our goal of 7 days. In addition, 99.56% of FAFSA applicants are responding to the drug question—up from about 80% at this time last year.

**Union and Management Workshop:** As part of SFA's commitment to working closely with the union, representatives from SFA management and the union participated in a workshop to explore new ways of problem solving. About 45 people from SFA's D.C. and regional offices, as well as union members, participated in the workshop. The participants studied Disney and corporate experience in building management-labor relationships and focused on interest-based problem solving.

**Direct Loan Counseling Online:** SFA has made entrance counseling, using an online tutorial, easy and accessible. Students can now go to <http://ed.gov/DirectLoan>, use their PIN, access the tutorial and take the test. The school can retrieve the results of students' quiz from the Direct Loan Origination site <http://lo-online.ed.gov>.

## **RESOLUTION OF KEY ISSUES**

**SSA Computer Match:** The computer matching agreement between the Social Security Administration (SSA) and the Department of Education was renewed on March 1, 2001. This agreement enables SFA to ensure the verification of applicant data provided on the FAFSA. The match includes Social Security numbers and the applicant's immigration status. The match also insures that the applicant does not appear on a SSA list of deceased beneficiaries. This match is an important element in SFA's protection of funds used in Title IV.

**Interagency Agreement with the Department of Interior's National Business Center:** SFA received a moratorium exception to extend the agreement with Department of Interior for six months. This agreement is for Independent Verification and Validation Services to assist SFA with development of the Financial Management System (FMS). The FMS will process, report and interface with the Department's General Ledger on all SFA financial management activities. The FMS is expected to go live in April 2001.

**LEAP/SLEAP Combined Electronic Application Form:** SFA received a moratorium exception to publish the electronic form that allows states to apply online for funds using FMS. This new electronic application process promises to be more efficient and reliable.

## **PUBLIC AFFAIRS ACTIVITIES**

**FY 2001 Performance Plan:** As indicated above, the Office of Legislative and Congressional Affairs is electronically distributing SFA's Performance Plan to key committee members and staff on Capitol Hill.

## **REGULATORY ACTIVITIES**

A meeting with OMB staff in the Budget and Regulatory Affairs offices yielded their endorsement of the Department's approach to creating an electronic promissory note. OMB approved the Advance Notice of Proposed Rulemaking that had been signed by the Secretary on February 27.

## **POLICY DOCUMENTS**

Nothing to report.

## **GRANT ACTIVITIES**

Nothing to report.

## **ON THE HORIZON**

## **CONTACT INFORMATION**

Please contact Karen Freeman at 205-1531 with any questions about this weekly report.